

ASSEMBLY BILL

No. 2792

Introduced by Assembly Member Blakeslee

February 22, 2008

An act to amend Section 399.15 of the Public Utilities Code, relating to electrical restructuring.

LEGISLATIVE COUNSEL'S DIGEST

AB 2792, as introduced, Blakeslee. Electrical restructuring: renewable energy portfolio standard.

Under existing law, the Public Utilities Commission (PUC) has regulatory authority over public utilities, including electrical corporations. The Public Utilities Act requires the PUC to review and adopt a renewable energy procurement plan for each electrical corporation pursuant to the California Renewables Portfolio Standard Program.

This bill would make technical, nonsubstantive changes to those provisions.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 399.15 of the Public Utilities Code is
- 2 amended to read:
- 3 399.15. (a) In order to fulfill unmet long-term resource needs,
- 4 the commission shall establish a renewables portfolio standard
- 5 requiring all electrical corporations to procure a minimum quantity
- 6 of electricity generated by eligible renewable energy resources as

1 a specified percentage of total kilowatthours sold to their retail
2 end-use customers each calendar year, subject to limits on the total
3 amount of costs expended above the market prices determined in
4 subdivision (c), to achieve the targets established under this article.

5 (b) The commission shall implement annual procurement targets
6 for each retail seller as follows:

7 (1) Each retail seller shall, pursuant to subdivision (a), increase
8 its total procurement of eligible renewable energy resources by at
9 least an additional 1 percent of retail sales per year so that 20
10 percent of its retail sales are procured from eligible renewable
11 energy resources no later than December 31, 2010. A retail seller
12 with 20 percent of retail sales procured from eligible renewable
13 energy resources in any year shall not be required to increase its
14 procurement of renewable energy resources in the following year.

15 (2) ~~For purposes~~ *the purpose* of setting annual procurement
16 targets, the commission shall establish an initial baseline for each
17 retail seller based on the actual percentage of retail sales procured
18 from eligible renewable energy resources in 2001, and to the extent
19 applicable, adjusted going forward pursuant to Section 399.12.

20 (3) ~~Only for purposes~~ *the purpose* of establishing these targets,
21 the commission shall include all electricity sold to retail customers
22 by the Department of Water Resources pursuant to Section 80100
23 of the Water Code in the calculation of retail sales by an electrical
24 corporation.

25 (4) ~~In the event that~~ *If* a retail seller fails to procure sufficient
26 eligible renewable energy resources ~~in a given year~~ to meet any
27 annual target established pursuant to this subdivision *in any given*
28 *year*, the retail seller shall procure additional eligible renewable
29 energy resources in subsequent years to compensate for the
30 shortfall, subject to the limitation on costs for electrical
31 corporations established pursuant to subdivision (d).

32 (c) The commission shall establish a methodology to determine
33 the market price of electricity for terms corresponding to the length
34 of contracts with eligible renewable energy resources, in
35 consideration of the following:

36 (1) The long-term market price of electricity for fixed price
37 contracts, determined pursuant to an electrical corporation's general
38 procurement activities as authorized by the commission.

1 (2) The long-term ownership, operating, and fixed-price fuel
2 costs associated with fixed-price electricity from new generating
3 facilities.

4 (3) The value of different products including baseload, peaking,
5 and as-available electricity.

6 (d) The commission shall establish, for each electrical
7 corporation, a limitation on the total costs expended above the
8 market prices determined in subdivision (c) for the procurement
9 of eligible renewable energy resources to achieve the annual
10 procurement targets established under this article.

11 (1) The cost limitation shall be equal to the amount of funds
12 transferred to each electrical corporation by the Energy
13 Commission pursuant to subdivision (b) of Section 25743 of the
14 Public Resources Code and the 51.5 percent of the funds ~~which~~
15 *that* would have been collected through January 1, 2012, from the
16 customers of the electrical corporation based on the renewable
17 energy public goods charge in effect as of January 1, 2007.

18 (2) The above-market costs of a contract selected by an electrical
19 corporation may be counted toward the cost limitation if all of the
20 following conditions are satisfied:

21 (A) The contract has been approved by the commission and was
22 selected through a competitive solicitation pursuant to the
23 requirements of subdivision (d) of Section 399.14.

24 (B) The contract covers a duration of no less than 10 years.

25 (C) The contracted project is a new or repowered facility
26 commencing commercial operations on or after January 1, 2005.

27 (D) No purchases of renewable energy credits may be eligible
28 for consideration as an above-market cost.

29 (E) The above-market costs of a contract do not include any
30 indirect expenses including imbalance energy charges, sale of
31 excess energy, decreased generation from existing resources, or
32 transmission upgrades.

33 (3) If the cost limitation for an electrical corporation is
34 insufficient to support the total costs expended above the market
35 prices determined in subdivision (c) for the procurement of eligible
36 renewable energy resources satisfying the conditions of paragraph
37 (2), the commission shall allow the electrical corporation to limit
38 its procurement to the quantity of eligible renewable energy
39 resources that can be procured at or below the market prices
40 established in subdivision (c).

1 (4) Nothing in this section prevents an electrical corporation
2 from voluntarily proposing to procure eligible renewable energy
3 resources at above-market prices that are not counted toward the
4 cost limitation. Any voluntary procurement involving above-market
5 costs shall be subject to commission approval prior to the expense
6 being recovered in rates.

7 (e) The establishment of a renewables portfolio standard shall
8 not constitute implementation by the commission of the federal
9 Public Utility Regulatory Policies Act of 1978 (Public Law
10 95-617).

11 (f) The commission shall consult with the Energy Commission
12 in calculating market prices under subdivision (c) and establishing
13 other renewables portfolio standard policies.